Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 LUXEMB 00195 171022Z
ACTION EUR-12

INFO OCT-01 ISO-00 /013 W
----------064302 180249Z /20
R 170936Z FEB 78
FM AMEMBASSY LUXEMBOURG
TO SECSTATE WASHDC 6243

UNCLAS LUXEMBOURG 0195

FOR EUR ASSISTANT SECRETARY VEST

FOR EUR/EX MR. LEIDEL

E.O. 11652: N/A
TAGS: AMGT LU
SUBJECT: REPRESENTATIONAL FUNDS

1. AS I EXPLAINED TO EUR/EX DURING CONSULTATIONS IN WASH-
INGTON IN LATE JANUARY AND TO THE INSPECTORS WHO HAVE JUST
FINISHED INSPECTING LUXEMBOURG, REPRESENTATIONAL FUNDS
HERE ARE INSUFFICIENT TO PERMIT THE MOST EFFECTIVE USE OF
THE RESOURCES AT THIS POST. IT COST SOME $96,000 A YEAR
SIMPLY TO MAINTAIN MY RESIDENCE, $30,000 FOR THE DCM'S RES-
IDENCE AND NEARLY $18,000 FOR QUARTERS ALLOWANCES FOR THE
OTHER OFFICERS. WITH $12,000 PER YEAR FOR REPRESENTATION,
OR A LITTLE OVER EIGHT PERCENT OF THE TOTAL SPENT ON
HOUSING AND HOUSEHOLD HELP, IN A VERY REAL SENSE OUR RE-
SOURCES ARE BEING WASTED.

2. FOR EXAMPLE, OUR REPRESENTATIONAL ALLOTMENT FOR THIS
QUARTER IS $2,000. OF THIS TOTAL, THE DCM HAS USED ABOUT
$250.00 FOR ONE LARGE DINNER PARTY AND THE ECONOMIC OFFICER
HAS USED OR WILL USE $100.00 FOR TWO OR THREE SMALL LUNCHES.
THIS LEAVES SOME $1650.00 FOR MY REPRESENTATION EXPENSES.
TO DATE, I HAVE GIVEN A SMALL RECEPTION FOR A GROUP OF
LUXEMBOURG APPLICANTS FOR FULBRIGHT SCHOLARSHIPS, TWO LARGE
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PAGE 02 LUXEMB 00195 171022Z

DINNERS OF TWENTY-FOUR, ONE STAG DINNER IN HONOR OFTHE
DIRECTOR OF EUR/NE, ONE STAG DINNER IN HONOR AMBASSADOR
HINTON, ONE LUNCH FOR EIGHT OFFICERS FROM THE MINISTRY OF
FOREIGN AFFAIRS AND ONE SMALL LUNCH FOR PRINCESS JOAN.
THERE HAVE ALSO BEEN SEVERAL MINOR, MISCELLANEOUS EXPENDI-
TURES TOTALING $25-30 EACH. DINNER PARTIES HAVE BEEN
SCHEDULE WELL IN ADVANCE FOR FEBRUARY 23 AND MARCH 2,

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

BUT MY FUNDS WILL BE EXHAUSTED AFTER THE FEBRUARY 23
DINNER.

3. DURING THE MONTHS OF JANUARY AND FEBRUARY, IN ADDITION
TO THOSE MENTIONED ABOVE, MY GUESTS HAVE INCLUDED PRIME
MINISTER GASTON THORN, FORMER PRIME MINISTER (NOW LEADER
OF THE OPPOSITION) PIERRE WERNER, MINISTER OF ENERGY JOSY
BARTHEL, MINISTER OF FINANCE JACQUES POOS, EEC COMMISSIONER
MARCEL MART, SEVERAL SECRETARIES OF STATE AT THE VARIOUS
MINISTRIES, EXECUTIVES OF ARBED, DUPONT AND SEVERAL BANKS,
LUXEMBOURG LAWYERS, FUNCTIONARIES AND PRIVATE SECTOR LEADERS
AND A SPRINKLING OF AMERICAN BUSINESSMEN. I HAVE REDUCED
THE EXPENDITURE PER HEAD FOR DINNERS TO $14, INCLUDING FOOD,
DRINKS, FLOWERS, AND ALL OTHER HOUSEHOLD EXPENSES. GIVEN
THE DOLLAR EXCHANGE RATE AND INFLATION, THIS IS THE LOWEST
POSSIBLE AMOUNT THAT PERMITS NO-FRILLS BUT ADEQUATE ENTER-
TAINMENT. MOREOVER, DURING MY FIRST EIGHT MONTHS AT THIS
POST I HAVE SPENT ABOUT $1800.00 ENTERTAINING AMERICANS AND
EMBASSY STAFF AND ON OTHER NON-REIMBURSABLE FUNCTIONS, WHICH
LEAVES ME NO FINANCIAL LEEWAY TO COVER REPRESENTATIONAL
SHORT-FALLS.

4. THE DEPARTMENT HAS INCREASED LUXEMBOURG'S REPRESENTATIONAL
ALLOCATION FROM $8,000.00 TO $12,000.00 FOR THE CURRENT
FISCAL YEAR. SINCE MY ARRIVAL, HOWEVER, THE VALUE OF THE
DOLLAR HAS DECREASED ELEVEN PERCENT AND INFLATION IS RUNNING
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PAGE 03 LUXEMB 00195 171022Z

AT A RATE OF SEVEN PERCENT A YEAR. THE INCREASE WAS NOT,
THEREFORE, AS LARGE AS IT APPEARS ON PAPER. MOREOVER, THE
$8,000.00 ALLOCATED IN FY 1977 WAS NOT A REALISTIC BASE FROM
WHICH TO START BECAUSE MY NON-CAREER PREDECESSORS WERE IN
A POSITION TO COVER WHATEVER OUT OF POCKET REPRESENTATION EX-
PENSES THEY INCURRED FROM THEIR OWN RESOURCES.IN SUM,
I BELIEVE THERE IS A CASE TO BE MADE FOR INCREASING
LUXEMBOURG'S REPRESENTATION ALLOWMENT AT LEAST FOUR THOUSAND
DOLLARS OR TO A TOTAL OF $16,000.00 PER YEAR. IN ANY CASE, I
WOULD HOPE IT WOULD BE POSSIBLE TO ALLOCATE AN ADDITIONAL
$1,000.00 TO COVER EXPENSES DURING THE REMAINDER OF THIS
QUARTER.

5. I DO NOT WISH TO DRAMATIZE THE PROBLEM HERE BECAUSE I
REALIZE THAT FUNDS ARE IN SHORT SUPPLY GENERALLY. I SIMPLY
WANTED TO WARN THAT THE CONSEQUENCE OF THE PRESENT IN-
ADEQUACY OF REPRESENTATIONAL FUNDS IS, SIMPLY PUT, THAT
THERE CAN BE NO REPRESENTATIONAL ENTERTAINING HERE AT
ALL FROM MARCH 2 UNTIL THE NEXT QUARTER BEGINS ON APRIL 1.
LOWENSTEIN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

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US Department of State
EO Systematic Review
20 Mar 2014
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